

**STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Bulletin 2007-08-INS

In the matter of :

Home Insurance – Adjustment in
Value based on CPI Index

**Issued and entered
this 11th day of June 2007
By Linda A. Watters
Commissioner**

As a condition of maintaining its certificate of authority, an insurer shall not refuse to insure, refuse to continue to insure, or limit the coverage available to an eligible person for home insurance, except in accordance with underwriting rules established pursuant to Sections 2117 and 2119 of the Michigan Insurance Code, 1956 PA 218, MCL 500.2117, MCL 500.2119. The Office of Financial and Insurance Services is required by the Insurance Code to adjust on January 1, 2006, and on January 1 every sixth year thereafter, the aggregate annual average percentage change in the consumer price index since the previous adjustment, rounded to the nearest hundred dollars.

The value computed below is based on the CPI Index multiplier. The calculation is arrived at as follows:

1. Divide the CPI Index number for January 1, 2006, by the equivalent number for March of 2003.
2. The multiplier is computed as follows: $\text{Multiplier} = 198.3/184.2 = 1.076$
3. Next multiply this number by the numbers set forth in the statute.
 - (a) $1.076 \times 3000 = 3,228$
 - (b) $1.076 \times 4000 = 4,304$

As of January 1, 2006, the new minimum dollar amount under MCL 500.2117 for three paid claims within the immediately preceding three-year period totaling \$3,000.00 or more, exclusive of weather-related claims, shall be adjusted to \$3200.

As of January 1, 2006, the new minimum dollar amount under MCL 500.2117 for three paid claims within the immediately preceding three-year period totaling \$4,000.00 or more, including weather-related claims, shall be adjusted to \$4300.

Based on the data presented in the bulletin, I hereby certify that the CPI-adjusted numbers are correct as presented and calculated.

Any questions regarding this bulletin should be directed to:

Office of Financial and Insurance Service
Policy Division
611 West Ottawa Street
P.O. Box 30220
Lansing, Michigan 48909-7720

Phone: (517) 373-7240
Toll Free: (877) 999-6442

A handwritten signature in cursive script, reading "Linda A. Watters", is written over a horizontal line.

Linda A. Watters
Commissioner